

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 10, 2004**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of February 10, 2004, was called to order by Mayor Hansen at 7:00 a.m.

Present: Council Members – Beckman, Hitchcock, Howard, and Mayor Hansen

Absent: Council Members – Land

Also Present: City Manager Flynn, Interim City Attorney Schwabauer, and City Clerk Blackston

CITY COUNCIL CALENDAR UPDATE

City Clerk Blackston reviewed the weekly calendar (filed).

B. REGULAR CALENDAR

B-1 "Presentation and request for approval of Request for Proposals for environmental litigation"

Mayor Hansen noted that he had sent Council Members the *Request for Information* (RFI) – *Legal Services* (filed) via e-mail for their review prior to the meeting today. He reported that the City filed a status report with Judge Damrell on Friday and in it had indicated that the retention of outside counsel to handle the Environmental Abatement Program litigation would be expedited as much as possible.

Interim City Attorney Schwabauer reported that the status report with regard to Lehman Brothers has been set for March 9 and the trial date has been postponed to April 4. Mr. Schwabauer stated that he would e-mail all upcoming court dates to Council for informational purposes.

Council Member Howard indicated that, due to a malfunction, she had not received an e-mail from the City in a month and asked that the situation be corrected.

Discussion ensued regarding the deadline for the RFI submittal, at the conclusion of which March 2, 2004 was selected.

Council Member Howard recommended that the opening statement of the RFI should focus on the need for recipients' suggestions for strategy and their qualifications, rather than an emphasis on the dollar amounts the litigation has cost thus far.

Council Member Hitchcock asked that the questionnaire portion of the RFI include the following, to which Council concurred:

- Describe your experience in working with public entities and municipal law.
- Describe your experience in understanding and analyzing public finance.
- (Combine questions 14 and 15) Compare and contrast your litigation style with your mediation and settlement style.
- Please provide a list of references from previous complex, multi-party environmental insurance litigation cases handled by your firm.
- Please share with the Lodi City Council any other information you feel is pertinent to this case, but was not asked.

Mr. Schwabauer suggested that question 6 be deleted, as it is redundant to question 13. Council concurred with the recommendation.

Mayor Hansen agreed with Ms. Howard's suggestion to move the litigation cost information to the background section. He stated that the goal is to mail the RFI out to interested parties tomorrow.

Council Member Hitchcock asked the City Clerk to provide Council with a copy of the compact disc containing background documents regarding the case, which will be sent with the RFI.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Beckman, Hansen second, approved the *Request for Information – Legal Services* as amended. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hitchcock, Howard, and Mayor Hansen

Noes: Council Members – None

Absent: Council Members – Land

B-2 “Introduction of Phase III budget options and direction to staff regarding such matters”

City Manager Flynn anticipated that if Proposition 57 (i.e. a one-time economic recovery bond of up to fifteen billion dollars to pay off the state's accumulated general fund deficit as of June 30, 2004) is passed on March 2 then the City will need to cut approximately \$250,000 to \$300,000 from its budget. If Proposition 57 fails, Lodi will likely be faced with significant cuts in the City's budget. Mr. Flynn requested authorization from Council to begin discussions with bargaining units about the possibilities of adjusting pay, working conditions, and benefits.

Council Member Hitchcock expressed her disappointment that this topic is being considered at a 7:00 a.m. meeting and indicated that a special meeting in the evening would have been more appropriate and conducive to a greater number of citizens' schedules, thereby promoting more input on the topic. Ms. Hitchcock announced that she would have to leave the meeting due to an appointment in Sacramento.

NOTE: Council Member Hitchcock left the meeting at 7:30 a.m.

Deputy City Manager Keeter recalled that Council adopted Phase I recommendations on December 17 and Phase II recommendations on February 4. The options in Phase III that will be reviewed today are those that would impact employees directly and do not necessarily cut into what the community might perceive as the City's core services. In total, Phase III options equate to \$7 million.

Ms. Keeter distributed and reviewed a “blue sheet” (filed) entitled 2004-05 Phase III Options (partial list). She recalled that in June 2003 Council adopted scenario five of the budget, which included ten current vacancies and ten future vacancies. Ms. Keeter reported that the City now has 28 vacancies. One of the Phase III options is to continue the hiring freeze of 26 positions, which would save \$375,000 using an average of \$65,000 per employee.

Mr. Flynn interjected that the cut in staffing is not evenly distributed and some departments are bearing more of the burden than others. It becomes more difficult for them over time to maintain their level of service.

Ms. Keeter continued her review of Phase III options, stating that deferring eight new positions would save \$656,000. She reminded Council that budget scenario five included six paramedics, one firefighter, and one high-tech crime investigator. A 50% reduction of overtime (not to include public safety personnel) would save \$117,000.

In answer to Mayor Hansen, Cory Wadlow, Senior Accountant, reported that the City currently has 16 temporary contract employees in the departments of Finance, Electric Utility, Information Systems, Fire, Community Development, and others.

Mr. Flynn commented that some of the temporary contract employees have been working in excess of four years. Staff has been working on a draft policy, which will include a provision that allows a temporary contract position to be in place up to two years and only by special request could it be extended an additional two years. He noted that the City's current policy does stipulate that before regular employees are laid off, temporary contract employees would be released.

Ms. Keeter pointed out that the next two options she would review, would affect service as it is provided by the City. Temporary work furloughs of four weeks (20 days) or a mandatory work furlough every other Friday (26 days) (exempting public safety) would save approximately \$1 million. Employees would be paid nine days out of a ten-day pay period, which equates to a 10% salary reduction.

Council Member Howard recommended that the Friday City Hall is closed not be one that follows a Planning Commission meeting, because it would further limit the time that citizens could file an appeal within the five-day deadline.

Mayor Pro Tempore Beckman suggested that City Hall be closed at noon every Friday, as it would be easier for the public to remember.

Ms. Keeter stated that suspension of administrative leave pay-out would save \$123,000 in the General Fund and \$21,000 in the Enterprise Fund. She noted that the current policy allows employees who are eligible for administrative leave to cash out one week per year. Ms. Keeter recalled that the Public Employee Retirement System (PERS) benefit used to be 2% at 55 years for public safety and 2% at 60 years for all others. Subsequently, it was changed to 2% at 55 years for non-public safety and 3% at 50 years for public safety personnel. An option for Council to consider would be a two-tier PERS benefit system, wherein new hires would fall into the category of 2% at 55 years for public safety and 2% at 60 years for miscellaneous employees.

Mayor Hansen cautioned that before making such a decision, the City should consider what other agencies are doing, because it would affect the ability to recruit the highest qualified candidates.

Ms. Keeter stated that the City currently provides an average of 3% match for employees to go toward deferred compensation. Deferring this by one year would save the General Fund \$344,000. If scheduled pay raises were deferred next year, it would save the General Fund \$310,000 and the Enterprise Fund \$23,000.

Mr. Flynn clarified that Council is not being asked to approve any of the Phase III options today. He asked for direction to begin meeting with bargaining groups to open negotiations and discuss these options. The matter will be brought back to Council later this spring for final recommendations.

PUBLIC COMMENTS:

- Jim Siemers, Building Inspector II, noted that no options have been discussed to reduce services in areas that affect public safety, water, wastewater, streets, or the Electric Utility. He stated that in the 16 years he has worked for the City of Lodi, when times were good, many new programs and employees were added. Using the Parade of Lights as an example, he asked Council to consider whether these types of programs were a core need for the City. He expressed concern that if the City institutes a mandatory work furlough program, employees will be expected to get 100% of the work done in 90% of the time. He urged Council to consider programs that could be eliminated to save money, rather than across the board cuts to departments.

Mayor Pro Tempore Beckman and Council Member Howard voiced support for the City Manager to begin scheduling meetings with the bargaining units to discuss the various options.

Mayor Hansen concurred with Mr. Flynn that a policy should be developed regarding temporary contract employees. He commented that he would be interested in hearing employee's input related to suspension of administrative leave pay-out, deferred compensation match, and mandatory furloughs.

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 8:10 a.m.

ATTEST:

Susan J. Blackston
City Clerk